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IN THE

Supreme Court of the United States

OCTOBER TERM, 1986

KRAFT, INC.,

Petitioner,

v.

AmBRIT, INC.,

Respondent.

ON PETITION FOR A WRIT OF CERTIORARI TO THE UNITED
STATES COURT OF APPEALS FOR THE ELEVENTH CIRCUIT

REPLY BRIEF IN SUPPORT OF PETITION FOR WRIT OF CERTIORARI

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* The parties to this proceeding and Kraft’s non-wholly owned subsidiaries and affiliates are set forth in Kraft’s Petition for Writ of Certiorari at ii.

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Kraft's Petition presents three significant legal issues under the Lanham Act on which substantial conflicts exist among the Circuits. AmBrit's effort to obfuscate these legal conflicts, and to mischaracterize them as issues of fact, only serves to underscore the necessity for review by the Supreme Court now.

**A. The Use Of *Functional* Features To Determine The
"Similarity Of Design" And "Intent" Factors Con-
flicts With Established Precedent.**

AmBrit recognizes that, depending on which Circuit is involved, lower courts apply two divergent tests for determining "similarity of design." But AmBrit argues that even if the test outside the Eleventh Circuit were applied, AmBrit would still win. (Brief in Opposition at 6.) However, contrary to AmBrit's contention, under the test applied

within the First, Second, and Eighth Circuits, Kraft would prevail because similarity of functional features would be ignored.¹ Here, Kraft did not prevail because the Eleventh Circuit stressed, rather than ignored, the similarity of functional features. Indeed, it based its finding of similarity of functional features.² Although the Court of Appeals mentioned similarities in nonfunctional features in passing, it never specified what they were and clearly did not bottom its holding on them. (App. A at 27.)³

AmBrit's notion that the Court of Appeals could have based its finding of intent upon the alleged copying of non-functional features is wishful thinking.⁴ (Brief in Opposition at 5.) That is not what the Eleventh Circuit did. What it might have done is of no moment.

An undeniable conflict between two divergent tests exists, requiring this Court's review. As things now stand, the outcome of trade dress cases turns on which legal test is

¹This argument was not only raised by Kraft below, it was the crux of Kraft's defense. AmBrit's cite in support of its contrary contention is from an unrelated portion of the Eleventh Circuit's opinion. (Brief in Opposition at 5.) As for AmBrit's citations concerning the protectability of trade dress, those address a non-contested issue and are therefore irrelevant. *LeSportsac, Inc. v. K Mart Corp.*, 754 F.2d 71, 76 (2d Cir. 1985); *Textron, Inc. v. USITC*, 753 F.2d 1019, 1026 (Fed. Cir. 1985).

²The functional features focused on by the Eleventh Circuit included the taste of the products (App. A at 7), their size (App. A at 7, 23), and packaging—a six-pack tray with cellophane overwrap. (App. A at 7, 23, n. 48.)

³Even the sentence AmBrit italicizes (Brief in Opposition at 5) supports the unmistakable conclusion that the copying of *functional* features alone led to an inference of confusing similarity in the court below.

⁴AmBrit also disingeniously argues that the holding of which Kraft seeks review is dictum. Not so. The basis for the Eleventh Circuit's affirmance was Kraft's copying of functional features. (App. A at 27-28.)

applied. In the Eleventh Circuit, one car maker could be found liable for trade dress infringement because its automobiles have four tires, two headlights, a roof and a windshield, just like those of its competitor. But within the First, Second and Eighth Circuits, such a case would be summarily dismissed. The Supreme Court should settle this conflict and confirm the right of competitors to use functional features.

B. AmBrit Does Not Dispute That The Legal Standard Of The "Actual Confusion" Factor Used In The Court Below Conflicts With The Standards Applied In Other Circuits.

AmBrit does not dispute that the Eleventh Circuit's ruling—that four instances of confusion out of 35,000,000 sales is sufficient to support a finding of actual confusion—is contrary to the decisions of the Third, Ninth and Federal Circuits.⁵ Neither does AmBrit dispute that the Eleventh Circuit's decision also conflicts with the First Circuit's rule that delays in bringing suit, such as existed here, require a higher threshold of proof of actual confusion.

Instead, AmBrit simply argues that it prefers the Eleventh Circuit's formula for determining actual confusion. But AmBrit's preference is irrelevant, and its argument misses the point. If the same facts here occurred in another circuit, a different test would have been applied and no actual confusion would have been found.

This conflict among the Circuits needs to be resolved. Otherwise, wholesale forum shopping will prevail—with the Eleventh Circuit becoming the choice of plaintiffs with weak

⁵ Nor does the inexpensive nature of the goods change the character of the determination below. Both *Scott Paper Co. v. Scott's Liquid Gold, Inc.*, 589 F.2d 1225 (3d Cir. 1978) and *Clinton Detergent Co. v. Procter & Gamble*, 302 F.2d 745 (C.C.P.A. 1962), forming part of the "total sales" conflict, also involved items that were inexpensive and that consumers could not be expected to examine carefully.

cases. If they can conjure up even the most miniscule “evidence” of actual confusion they can prevail in the Eleventh Circuit, where they could not in the First, Third, or Federal Circuits. Because inadvertent mistakes by a handful of consumers can almost always be shown, the only challenge for a plaintiff is to find a hook to haul defendants into the Eleventh Circuit. Such disparate results will preclude legitimate competition by those unfortunate enough to be subject to jurisdiction of courts in the Southeast.

C. The Eleventh Circuit Changed The Legal Test For Abandonment And Cancelled The Registration Of A Trademark In Active And Extensive Commercial Use Without Remanding To The Lower Court.

AmBrit argues that Kraft lost below because “Kraft simply made no effort to prove actual intent to resume use”. (Brief in Opposition at 10.) AmBrit again argues the wrong point. Kraft did present evidence of its intent to resume use of the “POLAR B’AR” trademark—indeed, Kraft persuaded the District Court that it had the requisite intent.⁶ However, the Eleventh Circuit changed the legal standard from that applied at trial.⁷ Without remanding the case for proof under the new standard, the Eleventh Circuit found that Kraft abandoned its mark under its new legal standard.

The Eleventh Circuit retroactively imposed a requirement, nowhere found in the Lanham Act, that Kraft had to prove intent to resume use *solely* with evidence pre-dating Kraft’s resumption of commercial use of the mark. Then, by failing to remand, the Eleventh Circuit precluded Kraft from meeting this new standard.

The Eleventh Circuit’s decision not only stripped Kraft of a trademark registration it held for over four decades, but

⁶ Kraft presented evidence of its extensive commercial use of the mark since 1980 as well as the uses supporting the renewals of its registration in 1949 and 1969.

⁷ The Eleventh Circuit characterized the issue as “a novel question of law.” (App. A at 42.)

effects a judicial repeal of the Lanham Act's two-year abandonment presumption, substituting in its place an automatic forfeiture provision. Because the Eleventh Circuit's new legal standard would work a forfeiture of thousands of extant trademark registrations, this Court should reject the Eleventh Circuit's formulation and set to rest the conflict over the standard for finding abandonment.

CONCLUSION

AmBrit's Brief in Opposition confirms that a Writ of Certiorari should be issued to review the opinion and judgment of the Court of Appeals of the Eleventh Circuit and resolve the conflicts it creates in application of the Lanham Act.

Respectfully submitted,

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